

MONITORING OF THE HEALTH AND SOCIAL CARE PARTNERSHIP BUDGET 2016/17 AT 30 JUNE 2016

Aim

- 1.1 The aim of this report is to provide an overview of the monitoring position of the Health and Social Care Partnership Budget at 30 June 2016, together with any pressures therein and proposed actions for mitigation.

Background

- 2.1 On the 30th March 2016, the Integration Joint Board (IJB) agreed the delegation of **£139.150m** of resources supporting integrated health and social care functions for financial year 2016/17.
- 2.2 At the same time, assurance over the sufficiency of resources was given to the board and approved. Since 1st April however, a number of additional factors have emerged including the requirement to implement a living wage from 1st October 2016 for all social care staff. At its meeting of 20th June, the IJB agreed the direction of social care funding to meet these pressures in 2016/17 and beyond. This amounted to £2.268m in 2016/17 increasing to £2.861m when the full-year impact of the living wage would be experienced. Beyond this initial direction, further pressures have emerged or have become more certain in terms of timing and cost as a result of a range of factors which are discussed later in this report.
- 2.3 This report aims to identify:
 - Current pressures and variances within the integrated budget
 - The requirement to deliver efficiencies and other savings within the functions which are delegated to the partnership
 - Proposed mitigating actions

Overview of Monitoring Position at 30 June 2016

- 3.1 The current projected outturn position is based on the delivery in full of all planned efficiency and other savings measures by NHS Borders and Scottish Borders Council, in line with partners' Financial Plans for 2016/17. However, as previously reported to the board, the total value of these targets amounts to **£7.373m**, with the majority at the time of reporting, having been assessed as being of medium to high risk.
- 3.2 As a result therefore, close scrutiny, challenge and reporting of progress made in the delivery of all savings proposals to the IJB will be required going forward and it is fully anticipated that all future monitoring reports will, in addition to reporting the overall monitoring position on the partnership's budget, specifically report on progress made against delivery of each individual savings proposal.
- 3.3 This will enable the board to consider specific issues regarding delivery as they arise and agree how mitigation of financial impact will be planned actioned. Currently, both organisations are working to implement plans for the delivery of savings plans with varying degrees of progress to date and during August and

September, the Chief Officer and Chief Financial Officer of the IJB will work closely with partners to ensure that delivery is maximised and where full delivery is not possible, alternative actions are agreed and implemented in partnership with NHS Borders and Scottish Borders Council.

- 3.4 A summary of the projected variance position at 30 June 2016 across NHS Borders and Scottish Borders Council is detailed below, with full detail on the reported position at 30 June on the partnership's revenue budget attached as [Appendix 1](#):

Overall, there are projected pressures across the total delegated budget to 31 March 2016 of **£1.433m**

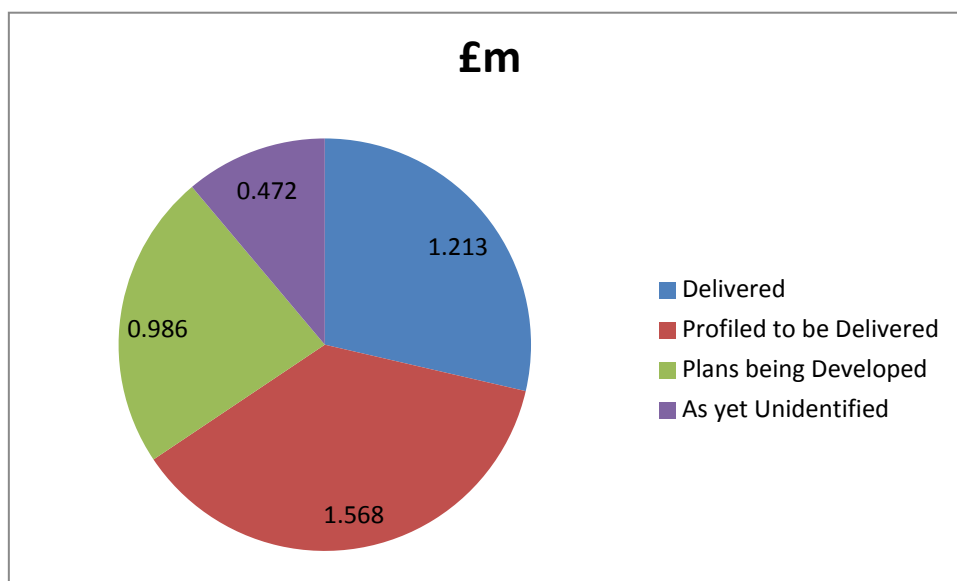
- 3.5 Within the Joint Learning Disability service, additional clients requiring both health and social care, primarily young people who have entered the service this year from Children's Services, have put additional pressure on the budget resulting in a projected adverse variance of £200k. This is further compounded by a range of rate increases resulting from contract renegotiation with external provider organisations which is projected to now cost a further £310k above the budgeted level.
- 3.6 Within the Older People's service, the impact of the final COSLA residential care home contract uplift for 2016/17 has resulted in further additional costs above budgeted levels having been projected for 2016/17 (£172k). Earlier in the financial year, Scottish Borders Council retendered its Care at Home contracts resulting in additional cost increases across all contracts and providers, in excess of budget provision available (£494k). Demand in the system has also resulted in the requirement to continue to operate flex beds during 2016/17, which when added to a number of other smaller pressures results in a further unfunded budget pressure (£137k).
- 3.7 A small number of additional new high tariff clients within the Physical Disability Service have resulted in a further demand-led projected pressure for 2016/17 (£107k).
- 3.8 Generic Services is reporting a small net overspend of £34k. This is attributable to a range of factors however and is largely offset by savings across the planning and locality teams. In relation to GP Prescribing specifically, which has been an area of substantial pressure in recent financial years, a breakeven position is currently projected. Underlying this however is a pressure of £100k which has yet to be addressed and further discussion is required between NHS Borders and the partnership's Chief Officer as to what remedial actions or funding availability is possible.

Delivery of Efficiencies and Savings

- 4.1 Current and emerging pressures aside, total affordability of the budget supporting health and social care functions delegated to the partnership is dependent on the delivery, in full, of all planned efficiency and saving projects on which it is predicated. Where this is not possible, alternative permanent or temporary mitigating remedial actions are required.
- 4.2 Within the partnership's Financial Plan, total efficiency and savings requirements amount to **£7.373m** in 2016/17, split between those to be delivered by NHS Borders (£4.239m) and those to be delivered by Scottish Borders Council (£2.663m). In addition, there is a further affordability gap within the budget delegated by NHS Borders to the partnership in respect of a reduction in ringfenced funding (£471k).

NHS Borders – Devolved Budget Efficiencies

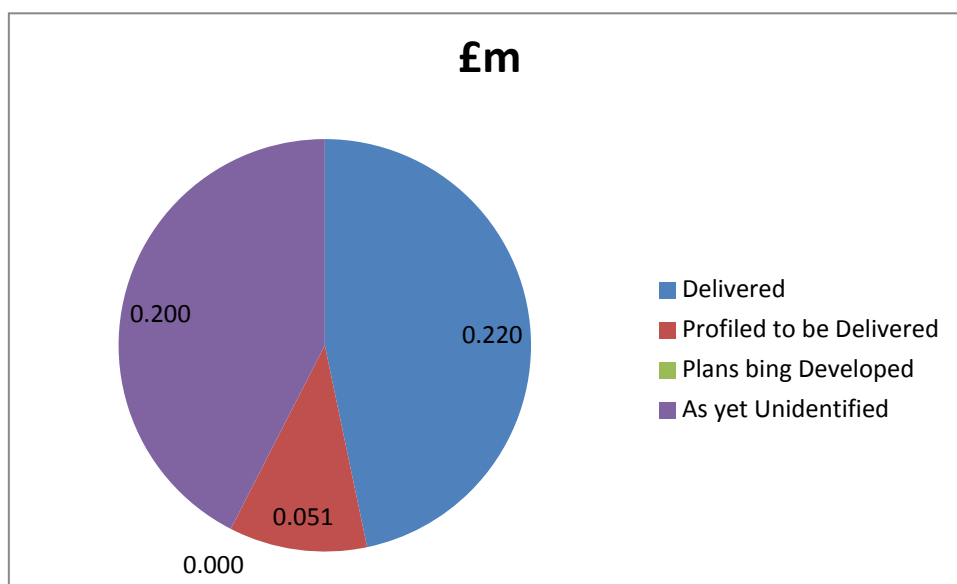
- 4.3 Within the budget delegated to the partnership, NHS Borders requires to deliver **£4.239m** of efficiency savings, of which £3.3m (77%) is required on a recurring basis. At 30 June 2016, **£1.213m** has been delivered. Within this, £933k is recurring and £280k is non-recurring.
- 4.4 Of the remaining **£3.026m** gap, **£0.568m** is profiled for delivery over the remainder of the year. Total efficiency savings therefore of **£1.781m** have been or are in the process of being delivered. Additionally, plans are in development currently to deliver a further **£1.986k**, although these have not yet been formally agreed. This leaves **£472k** of unidentified and unplanned measures requiring immediate addressing.
- 4.5 Clearly risk of non-delivery of a significant element of NHS Borders efficiency programme is high and it should now be highlighted that a range of alternative measures will now be delivered on whatever basis is possible, permanent or temporary, to ensure the risk of overspend through non-delivery of planned savings at 31 March 2017 is minimised. The current position in terms of delivery / planned delivery is detailed below:



- 4.6 Work is still being undertaken within NHS Borders to develop plans as outlined in 4.4 above. This means that a detailed analysis of all projects' progress against delivery of targeted savings cannot be currently be provided but will be reported to the next and all future IJB meetings.

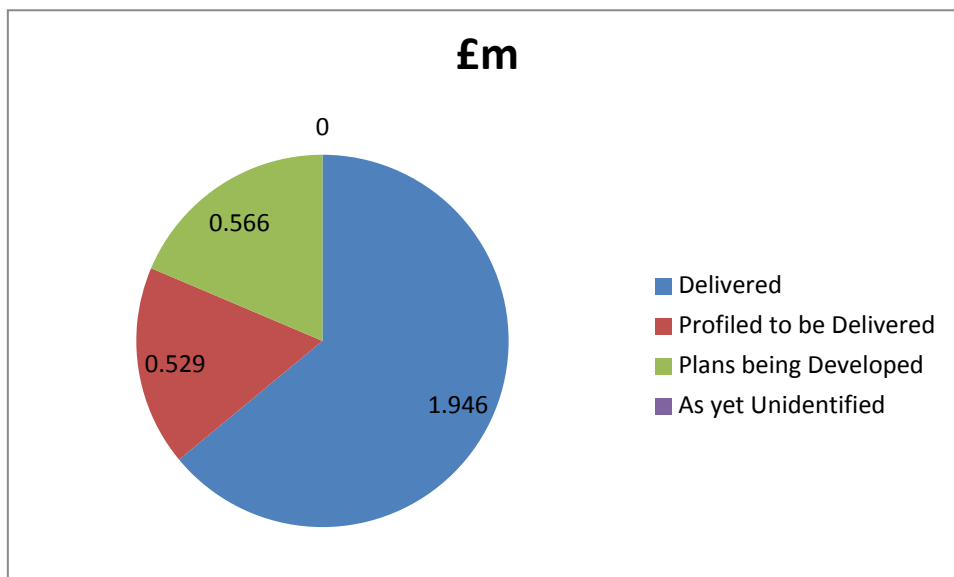
NHS Borders – Devolved Budget Efficiencies (Ringfenced Funding)

- 4.7 Within the budget delegated to the partnership by NHS Borders, a further gap of **£0.471m** was delegated in respect of reductions in ringfenced grant funding through NHS Borders by the Scottish Government. At the IJB meeting of 20 June, the partnership approved direction of £220k of social care funding to mitigate the forecast reduction allocated to the Alcohol and Drug Partnership (ADP), with a further plan for efficiencies of £51k having been developed by the partnership. This arrangement is non-recurring and only applies in 2016/17 with the expectation that the full £271k reduction will be addressed in full by the partnership by 2017/18.
- 4.8 Beyond the ADP reduction, plans are being developed in partnership between NGS Borders and IJB officers to address the remaining savings gap of **£0.200m** which again is highlighted to the board requires urgent addressing. A summary therefore of the 2016/17 ringfenced grant savings / funding delivery is detailed below:



Scottish Borders Council – Devolved Budget Efficiencies

- 4.9 Within the budget delegated to the partnership, Scottish Borders Council requires to deliver **£2.663m** of efficiency savings all of which are on a recurring basis. On top of this there is an additional recurring **£378k** saving to be made, carried forward from 2015/16, where this saving was made by non-recurring means, a total target of **£3.041m**. At 30 June 2016, a total of **£1.946m** has been delivered.
- 4.10 Of the remaining **£1.095m** gap (including carry-forward), **£529k** is profiled for delivery over the remainder of the year. Total efficiency savings therefore of **£2.475m** have been or are in the process of being delivered. Additionally, plans are in development currently to deliver the remaining **£566k**, including utilisation of ICF and Social Care Funding.



4.11 A further report will be brought to the next IJB with regard to financial risk arising from any proposed efficiency and savings plans, in terms of non-delivery and following joint discussions between IJB, NHS Borders and Scottish Borders Council officers, recommendations will be made to the board in regard to remedial action to mitigate this risk.

Remediation of Social Care Pressures – Proposed Direction of Social Care Funding

5.1 As outlined in 3.4 – 3.6 above, inherent within the projected partnership position are a range of un/under-budgeted additional pressures. These can be broadly summarised as:

- Increases in 2016/17 care-provider rates not related to the implementation of the living wage
- Additional non-living wage related COSLA Residential Care Home contract uplift
- Increased demand for services / client numbers / package complexity beyond assumed financial planning levels
- Housing with Care demand exceeding budget
- A range of emerging pressures within Generic Services

5.2 The Scottish Borders Health and Social Care Partnership was allocated £5.267m social care funding on a recurring basis by the Scottish Government from 1st April 2016. A copy of the letter from the Deputy First Minister to local authorities in regard to the funding allocation and its intended use is detailed in [Appendix 2](#) for information.

Approved Direction of Social Care Funding to Date

5.3 At the 20 June meeting, the Integration Joint Board approved direction of part of this resource for 2016/17 and future financial years, in line with the terms of the Deputy First Minister's letter to partnerships on how the funding should be used. This direction related to:

	Year £'000	2016/17 £'000
Living Wage	1,626	813
Current Demographic Pressures	1,081	1,081
Change to Charging Threshold	154	154
Non-recurring transitional ADP funding	0	220
	2,861	2,268

- 5.4 By directing these resources, the remaining uncommitted social care funding allocation has reduced to **£2.999m** in 2016/17 and **£2.406m** in future years.

Requirement for Further Direction of Social Care Funding

- 5.5 Each area of further pressure summarised in 4.1 has been reviewed, evidenced and costed and the financial impact of each has been summarised below. In total, they amount to permanently recurring social care pressures of **£1.427m**:

	2016/17 £'000
Non-living wage provider rate increases for 2016/17	955
Additional non-living wage COSLA RCH uplift	172
AWLD Increased Demand	200
Demand for Housing with Care above block contract	100
	1,427

Provider rate increases

- 5.6 Since 2016/17 Financial Plans were approved, a number of social care providers have increased contract rates for the provision of social care services in the new financial year, over and above what the cost of implementing the living wage will be from 1st October. These are entirely market-driven cost increases across all care services, partly resulting from the new care at home contract tender for Older People, negotiations with other providers, particularly those providing services to Adults with Learning Disabilities and contract uplift agreements with SB Cares, the local authority's largest provider and care provider of last resort.

Additional non-living wage COSLA RCH uplift

- 5.7 As part of the financial planning process, it has been traditionally assumed that the COSLA-imposed uplift to the residential care home contract will generally be made at the level of inflation at the current time. At the time of setting the plan, the Consumer Price Index was 0.5% which formed the uplift assumption. Following approval of the plan however, COSLA wrote out to all local authorities proposing an initial uplift of 2.9% from April 2016 and a further increase from 1st October 2016, the latter specifically relating to the implementation of the living wage of 3.4%. This pressure relates to the non-living wage element and the full-year impact of the 2.9% initial uplift above the assumed level. The latter living wage impact was considered as part of the direction approved by the IJB on the 20 June 2016.

Increased Demand for AWLD care

- 5.8 The cost of caring for an additional number of clients in transition from Children's services to young adulthood is now projected to exceed the level of budget available and historic demographic growth invested into the service. To be affordable, based on the projected cost of named individual clients for 2016/17, it has been calculated that a further £200k of additional demographic budget is required.

Housing with Care

Scottish Borders Council commissions Housing with Care provision from a range of registered social landlords. As the service has grown, block contracts with a number of providers have now been maximised and in some cases, exceeded. The current level of service provision in terms of the cost/volume of hours delivered is projected to cost an additional £100k above existing budget provision.

- 5.9 In his letter to partnerships, the Deputy First Minister stated that the intended use of social care funding should, amongst other things, target helping meet a range of existing costs faced by local authorities and expand capacity to accommodate growth in demand for services as a consequence of demographic change. The view is held therefore that further direction of social care funding to meet these pressures by the IJB is not only legitimate therefore, but wholly required.
- 5.10 If the board agree to allocate further social care funding as proposed, this will reduce the overall level of uncommitted resource remaining to **£1.572m** in 2016/17 and **£0.979m** in future years. In any further direction of the remaining resource, the IJB must retain awareness that a further **£0.813m** will be required to fund the full-year impact of the living wage implementation (noting that £220k has already been directed on a non-recurring basis for 2016/17).

Uncommitted Social Care Funding

- 5.11 In addition to the four areas where it has been recommended that social care funding should be directed (5.4-5.9 above), further areas of potentially imminent financial pressure across both the partnership's delegated budget and the large hospital set-aside budget require to be recognised. These relate to:
- Transition from a nightly Night Support rate payment to hourly payment as a result of further emerging impacts of the Employment Tribunal verdict
 - The potential requirement to ensure all personal assistants of clients currently in receipt of a self-directed support Direct Payment are paid the living wage with effect from 1st October 2016
 - The risk potential for emerging high-value financial pressure within GP Prescribing
 - Ongoing pressure within NHS Borders as a result of the demand-led requirement to continue surge bed availability, flex beds, increased demand / acuity of need driving additional costs across the Borders General Hospital and delayed discharge

Delegated Budget:*Transition from a nightly Night Support rate*

- 5.12 Transition from a nightly Night Support rate payment to hourly payment as a result of further emerging impacts of the Employment Tribunal verdict will place a further and possibly considerable financial pressure. Work is ongoing to identify and cost the implications of this, but initial scoping shows historic nightly rates to be considerably less than the costs of an hourly rate (at a minimum or living wage) x number of hours.

Direct Payment Personal Assistants

- 5.13 The potential requirement to ensure all personal assistants of clients currently in receipt of a self-directed support Direct Payment are paid the living wage with effect from 1st October 2016 will increase the overall costs of the living wage implementation. Currently, the need to do so is not formally part of the social care funding settlement and partnerships will not be held to account for failure to do so, but the Deputy First Minister's letter states that if this is not implemented, then authorities may face challenge on equality grounds. Work has commenced to identify the potential financial impact of this.

GP Prescribing

- 5.14 In 2015/16, the highest area of risk and financial pressure across the aligned budget was within GP Prescribing where an adverse position of £1.2m was experienced. This was primarily due to specific volatile and escalating pharmaceutical costs and in particular, market prices of new drugs. This is likely to be an area of ongoing pressure financially and will require to be rigorously monitored and where further pressures do arise, further mitigation will be required.

Large Hospital Set-Aside Budget:*NHS Borders large-hospital pressures*

- 5.15 The change in demography and the increasing complexity of care required is well documented, as is the resultant impact on the whole system. The Health and Social Care Partnership Strategic Plan has an emphasis on improving the whole pathway of care. However, there are stages along that pathway where the interdependencies between health and social care are particularly complex, which can lead to specific tensions and difficulties for people and for the relevant services.
- 5.16 Patient flow through the hospital following the admission of an older person with complex care is one area where there can be a significant impact on the hospital if there are issues with delays in discharge including increased bed occupancy, impact on the ability to admit for care, impact on A and E and boarders. These result in additional financial pressure such as flex beds so, as an IJB, we will consider how best to ensure the costs are managed across the system.
- 5.17 At the current time, the financial impact of over 20 delayed discharge beds is considerably compounded by approximately 5 flex beds and all surge beds being open over the majority of the financial year to date, in addition to those costs driven by the need to meet increased demand and acuity of need across hospital wards, Accident & Emergency and Acute Admissions Unit totalling pressures beyond budget of over £1.0m for the first quarter of the financial year. This will form a key

element of a further report brought to the next IJB on all partnership pressures and potential remedial actions.

- 5.18 In addition, the aspiration to fulfil all directions by the Scottish Government in terms of how the additional funding to partnerships may be used and in particular, in supporting additional spend on expanding social care to support the objectives of integration (i.e. additionality) and not just meet existing or emerging pressures requires consideration. Specifically, using any remaining resources to assist in funding the transition to, and mainstreaming of, new models of health and social care in the Scottish Borders should be an aim of the partnership.
- 5.19 Information is still being collected and analysed in relation to the above issues and when this work is complete and the projected financial impact known and evidenced, then a further report will be brought to the board in due course. Partners are working together to identify in full the impact of these emerging financial risks and following joint discussions and planning, recommendations will be made to the board in terms of the implementation of appropriate solutions, which may include a range of measures including further direction of social care funding and/or further remedial savings measures.

Next Steps

- 6.1 The budget supporting the functions delegated to the partnership, without further direction of social care funding, is under considerable pressure already during 2016/17. Further discussions are underway in relation to the pressures identified in 5.10 above and how they can be mitigated, either by the identification of further remedial savings or further targeted use of other funding tools such as Integrated Care Fund or social care funding to facilitate change.
- 6.2 These pressure will be fundamentally compounded however, if a robust plan for the achievement in full of the level of efficiencies (£7.373m) is not put in place and delivered. In order to mitigate the impact of any area of non-delivery, the Chief Officer is now considering a number of remedial actions across delegated functions, in conjunction with key NHS Borders and Scottish Borders Council officers. Working together, a number of discussions will now take place in order to develop a plan for the delivery of further savings. Following this, at the next meeting of the IJB, specific directions to facilitate recovery to a balanced budget will be reported to the IJB for approval.

Recommendation

The Health & Social Care Integration Joint Board is asked to **note** the report and the monitoring position on the partnership's 2016/17 revenue budget.

The Health & Social Care Integration Joint Board is asked to **approve** the further direction of £1.427m recurrent social care funding to meet the further additional pressures outlined in paragraphs 5.5 to 5.10

The Health & Social Care Integration Joint Board is asked to **note** that the partnership's Chief Officer and Chief Financial Officer are working in partnership with NHS Borders' Director of Finance, Scottish Borders Council's Chief Financial Officer and other senior managers across delegated services, in order to identify and implement a remedial action

plan to mitigate the residual reported pressure within Generic Services and to address identified non-delivery of efficiency and other savings within partners' Financial Plans.

Policy/Strategy Implications	Supports the delivery of the Strategic Plan and is in compliance with the Public Bodies (Joint Working) (Scotland) Act 2014 and any consequential Regulations, Orders, Directions and Guidance.
Consultation	The report has been considered by the Executive Management team and approved by NHS Borders' Director of Finance and Scottish Borders Council's Chief Financial Officer in terms of factual accuracy. Both partner organisations have contributed to its development and will work closely with IJB officers in delivering its outcomes.
Risk Assessment	To be reviewed in line with agreed risk management strategy. The key risks outlined in the report form part of the draft financial risk register for the partnership.
Compliance with requirements on Equality and Diversity	There are no equalities impacts arising from the report.
Resource/Staffing Implications	No resourcing implications beyond the financial resources identified within the report.

Approved by

Name	Designation	Name	Designation
Susan Manion	Chief Officer Health & Social Care Integration		

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